

Idaho Grain Market Report, December 12, 2019—NEW CROP PRICES

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday December 11, 2019. Barley prices in \$/Cwt. And wheat prices in \$/bu.

	Barley (Cwt.) FEED 48 lbs or better	MALTING Open Market Malting	Wheat (bu.) Milling #1 SWW	#1 HRW 11.5% Protein	#1 DNS 14% Protein	#1 HWW
Rexburg / Ririe	6.00		4.80			5.90
Idaho Falls		8.30-8.33	4.90	5.00	5.25	5.00
Blackfoot / Pocatello		7.06	4.90	5.00	5.25	5.00
Grace / Soda Springs	7.00			4.74	5.28	4.74
Burley / Rupert	6.50		4.83	4.82	5.18	5.02
Twin Falls / Buhl Jerome / Wendell	6.00		4.90			
Nampa / Weiser			NA			
Nezperce / Craigmont	5.21		5.05	5.01	5.96	
Lewiston	5.73		5.31	5.27	6.22	
Moscow / Genesee	5.24-5.43		5.08-5.15	5.04-5.14	5.99-6.14	

Prices at Selected Terminal Markets, cash FOB

Wednesday December 11, 2019. Barley prices in \$/Cwt. And wheat prices in \$/bu.

	#2 Feed Barley 46 lbs. --	Malting Barley	#1 SWW	#1 HRW 11.5% Protein	#1 DNS 14% Protein	#1 HWW
Portland			5.90-5.92	5.76-6.01	6.48-6.93	
Ogden	7.80		5.19	5.04	5.58	5.04
Great Falls	4.50-6.50	8.20-8.60		4.79-4.91	5.39-5.63	
Minneapolis						

Market News and Trends This Week

December USDA WASDE Report News on Page 4

BARLEY—Idaho cash feed barley prices were down \$0.50 to unchanged for the week ending December 11. Idaho cash malt barley prices were unchanged for the week. For the period November 29– December 5, USDA FAS reported net barley sales of 400 MT to Japan for 2019/2020. Barley exports of 900 MT to Japan (Japan 400 MT), South Korea (400 MT), and Taiwan (100 MT) , down 10 percent from the previous week and down 6 percent from the prior 4 week average.

Barley News— An international team led by researchers at King Abdullah University of Science and Technology (KAUST) in Saudia Arabia has identified genes that confer resistance to multiple leaf rust species in barley. Simon Krattinger from KAUST's Center for Desert Agriculture refers to their findings as non-host resistance, the resistance of an entire species against all strains of a pathogen. Cereal-rust relationship is ideal for studying non-host resistance because all cereals belong to the grass family, but each cereal crop species is infected by only one specific rust (for example, wheat leaf rust only infects wheat). Molecular factors in barley prevent wheat leaf rust from establishing colonies; thus, pinpointing the genes responsible for generating this molecular barrier to infection would be invaluable for breeders.

All barley cultivars are resistant to leaf rusts of other cereals; therefore, there is no clear genetic variation within barley species that might indicate which genes are involved. KAUST's collaborators in the Netherlands infected 1,733 barley cultivars with wheat leaf rust. They found that most plants were resistant, but a few lines developed hints of leaf rust at the seedling stage. The team was able to crossbreed these lines to generate one line that was highly susceptible to wheat leaf rust which was then crossed with a normal barley cultivar and analyzed to pinpoint the genetic variations conferring nonhost resistance.

Market News and Trends This Week—continued

WHEAT—Idaho cash wheat prices were mixed for the week ending December 11. SSW prices ranged from down \$0.012 to up \$0.10 from the previous week; HRW prices were down \$0.22 to down \$0.06; DNS prices were down \$0.25 to up \$0.22; and HWW prices were down \$0.22 to down \$0.06. USDA FAS reported net sales for 2019/2020 for the period November 29– December 5 at 502,700 MT, up noticeably from the prior week and up 33 percent from the previous 4 week average. Increases were primarily to Japan (100,000 MT), the Philippines (85,900 MT), Thailand (74,000 MT), Unknown Destinations (64,100 MT), and Indonesia (57,000 MT). Exports of 389,500 MT were up 68 percent from the previous week but down 4 percent from the prior 4-week average.

Wheat News— Predictions calling for hot, dry weather early in 2020 followed by destructive flooding could cause “monumental crop failure” and easily propel wheat prices at least 40% higher within the next few weeks, analysts say. Active-month futures contracts for Kansas City Hard Red Winter, or KCHRW, wheat were recently fetching about \$4.29 a bushel on the CME. Investors looking to profit from the move should buy July-dated futures contracts for KCHRW. Some countries currently are having wheat-growing problems. Last week, the U.S. Department of Agriculture cut its forecast for wheat production for Argentina and Australia by at least one million metric tons each this year. The problem in both cases was drought. “This is Australia’s smallest crop since 2007-08,” the USDA report states. That period 11 years ago was also near the trough of the last sunspot cycle. Other data from the USDA shows that Chinese production is likely to be up by 1.6 million tons, which would offset some of the other losses.

CORN— USDA FAS reported net export sales for 2019/2020 for period November 29– December 5 of 873,500 MT, increases were primarily to Mexico (517,200 MT), Japan 176,600 MT), Canada (104,900 MT), Colombia (53,900 MT), and Panama (49,900 MT). Exports of 531,400 MT were to Mexico (260,900 MT), Japan (81,900 MT), Colombia (76,000 MT), Panama (27,400 MT), and Honduras (23,100 MT).

Ethanol corn usage—DOE’s Energy Information Agency (EIA) reported ethanol production for the week ending December 6 averaged 1.72 million bbls/day – up 1.13 percent from the previous week and up 2.49 percent from last year. Total ethanol production for the week came in at 7.504 million barrels. Ethanol stocks were 21.815 million bbls on December 6, up 5.70 percent from last week and down 4.70 percent from last year. An estimated 107.53 million bu of corn was used in last week’s production bringing this crop year’s cumulative corn usage for ethanol production at 1.4 billion bu. Corn used needs to average 103.804 million bu per week to meet USDA estimate of 5.375 billions bu for the crop year.

Futures Market News and Trends—Week Ending December 12, 2019

FUTURES MARKET SETTLEMENT PRICES for the Week Ending Thursday, December 12:

Commodity	Dec 2019	Week Change	Mar 2020	Week Change	May 2020	Week Change	July 2020	Week Change
CHI SRW	\$5.39¼	\$0.06¾	\$5.30¼	\$0.05¾	\$5.33	\$0.05¼	\$5.36	\$0.06
KC HRW	\$4.27½	\$0.12½	\$4.42¾	\$0.11¾	\$4.50¼	\$0.10¾	\$4.57	\$0.09½
MGE DNS	\$5.00½	\$0.03½	\$5.23	\$0.11	\$5.31¼	\$0.10¼	\$5.40	\$0.09¾
CORN	\$3.67	\$0.00½	\$3.77¾	\$0.01	\$3.84¼	\$0.01¾	\$3.90	\$0.03¼

WHEAT FUTURES—Wheat futures prices were mostly up for the market week ending December 12. **Wheat futures prices were up \$0.03½ to up \$0.12½ (per bu) compared to the previous week.**

CORN FUTURES—Corn futures prices were up with higher export sales according to the export data from USDA to end the market week December 12 **Corn futures prices ranged from up \$0.00½ to up \$0.03¼ (per bu) over the previous week.**

CRUDE OIL FUTURES—Despite the OPEC+ cuts, the oil market is still facing a supply surplus in 2020, according to a new report from the International Energy Agency (IEA). OPEC+ announced additional cuts of 500,000 bpd, which sounds more impressive than it is because the group was already producing under its limit. In November, for instance, OPEC was producing 440,000 bpd below the agreed upon ceiling.

EIA reported U.S. crude oil refinery inputs averaged 16.6 million bbls/day during the week ending December 6, 2019 was 201,000 bbls/day more than last week’s average. Refineries operated at 90.6% of capacity last week. As of December 6, there was an increase in Crude Oil stocks of 0.822 million bbls from last week to 447.918 million bbls, over the 5-year average of 434.791 million bbls. Distillate stocks increased by 4.118 million bbls to a total of 123.587 million bbls, under the 5-year average of 136.334 million bbls; while gasoline stocks increased by 5.405 million bbls to 234.768 million bbls, over the 225.265 million bbl 5-year average. The national average retail regular gasoline price was \$2.561 per gallon on December 9, \$0.014 lower than last week’s price but \$0.140 over a year ago. The national average retail diesel fuel price was \$3.049 per gallon, down \$0.021 per gallon from last week’s level and down \$0.112 from a year ago.

NYMEX Crude Oil Futures finished the week ending Thursday, December 12, 2019 to close at \$59.18/bbl (December contract), down \$0.02 for the week.

USDA Crop Progress / Condition Report—December 9, 2019

*This is the last weekly USDA Crop Progress Report issued for the 2019 season.
The first weekly report for 2020 will be released on April 6, 2020*

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition Rating % Good/Excellent	Previous Week	Previous Year
US Winter Wheat Planted							
ID Winter Wheat Planted							
US Winter Wheat Emerged							
ID Winter Wheat Emerged							
US Spring Wheat Harvested							
ID Spring Wheat Harvested							
Corn Harvested	92%	89%	100%	100%			

USDA U.S. Crop Weather Highlights—December 12, 2019

West—Wet conditions from the northern half of the Pacific Coast to the northern Rockies. Significant amounts of snow is falling at high elevations. Above normal temperatures throughout the region. Dry conditions benefit late season field-work in southern California and the Desert Southwest.

Plains—Cold weather in the Dakotas. Mild, dry conditions in the central and southern Plains. As far north as southwestern Kansas, temperatures could reach 60 degrees. Drought in the central and southern Plains is adversely affecting winter wheat.

Corn Belt— Snow in the upper Great Lakes region. Near or above normal temperatures in the Midwest following a brief cold snap. Wet and snow covered fields have curtailed final corn and soybeans harvest efforts.

South—Warm conditions in the southern tip of Florida. Scattered showers across Florida, where rain is needed for citrus and winter crops. Dry conditions in the South.

Outlook for U.S.— Cold air in parts of the northern Plains and upper Midwest expanding during the weekend to the Corn Belt and the northern and central section of the Rockies and plains. Below normal temperatures across the Mississippi Valley and westward. Heavy rain from the Appalachians to the Atlantic Seaboard. Rain and snow from central portions of the Rockies and Plains into the middle Mississippi valley, the lower Great Lakes region, and the Northeast. The NWS 6-10 day outlook for December 17– 21 calls for near or above normal temperatures in the western Gulf Coast region and from the Mississippi Valley eastward. Below normal rainfall across the nation's mid-section, the Plains, Midwest, and mid-South. Wetter than normal conditions in the Far West and the Atlantic Coasts States from Florida to Massachusetts.

International Crop Weather Highlights—December 10, 2019

Europe—In central and northern Europe, cold conditions eased winter crops towards dormancy. West conditions in the south maintaining adequate moisture supplies for winter grains in Spain and Italy. Long term drought in the southern Balkans alleviated.

Middle East— Rainfall in Turkey, Syria, Iraq, and western Iran improved moisture for wheat and barley establishment and alleviated drought.

FSU— Winter wheat is now dormant.

Asia— Rainfall in southern India favored rabi crop development. Cool, sunny conditions favored irrigated wheat and rapeseed in the north. In eastern China, cold conditions eased wheat into dormancy. Typhoon Kammuri brought heavy rainfall and flooding in northern rice and corn areas as it crossed the central Philippines. Rainfall in Java, Indonesia eased early season drought and brining moisture to wet season rice.

Australia—Showers favored some vegetative crops in the east, more rain is needed. Dry conditions promoted wheat, barley, and canola harvesting in the south and west.

South America— Heavy rainfall favored conditions for soybeans and other summer crops in central and southern Brazil. Dry weather in central Argentina promoted summer grain and oilseed planting.

South Africa— Rainfall favored corn planting in western farming areas and improved moisture for vegetative crops farther east.

WHEAT:

The **WASDE** outlook for 2019/20 U.S. wheat is for decreased supplies, higher exports, and lower ending stocks. Wheat imports are lowered 15 million bushels to 105 million on a slower than expected pace to date; Hard Red Spring (HRS) is down 5 million bushels and Durum is lowered 10 million. If realized, these would be the lowest imports in nine years. U.S. wheat exports are raised 25 million bushels to 975 million on a strong pace to date, more competitive prices, and reduced supplies from several major competitors. Hard Red Winter and Durum exports are each raised 10 million bushels, and HRS is raised 5 million. With reduced supplies and higher use, 2019/20 ending stocks are cut 40 million bushels to 974 million, the lowest in 5 years. Despite the tightening stocks, the season-average farm price is lowered \$0.05 per bushel to \$4.55 based on NASS prices to date and expectations of cash and futures prices for the remainder of the market year.

The global outlook for wheat this month is for several mostly offsetting production changes, slightly lower global use and trade, and increased ending stocks. The Argentina and Australia wheat crops are cut 1.0 million tons and 1.1 million tons, respectively, both on continued drought conditions. The Argentina crop is now pegged at 19.0 million tons and Australia's crop is estimated to be 16.1 million tons. This is Australia's smallest crop since 2007/08. Canada's crop is cut 0.7 million tons to 32.4 million on updated government data. Partly offsetting is a 1.6-million-ton production increase for China to 133.6 million on updated National Bureau of Statistics data. The EU and Russia crops are each raised 0.5 million tons reflecting updated harvest data. Projected 2019/20 global exports are reduced 0.9 million tons as reductions for Argentina, Australia, and Canada are partly offset by increases for Russia and the U.S. The U.S. has become more price competitive in some international markets, and increased sales are expected to continue in the second half of the market year from reduced competition. With global use down 1.4 million tons, world ending stocks are raised 1.2 million tons to a record 289.5 million tons. China's 2019/20 ending stocks are raised 1.8 million tons to 147.5 million and account for 51 percent of the global total.

COARSE GRAINS:

Barley—The USDA's December 10 **WASDE** Report shows U.S. barley supply estimates at 264 million bushels for 2019/20, unchanged compared to the November WASDE Report. 2019/20 projected barley acres harvested is unchanged at 2.2 million acres, and the estimated average yield of 77.7 is unchanged from the November projection. 2019/20 imports are expected to come in at 8 million bushels, unchanged from the November report. Projected domestic use at 168 million bushels are unchanged. The projected exports of 4 million bushels up from the 3 million from the November estimates. U.S. barley ending stocks for 2019/20 are now projected at 92 million bushels, down 1 million bushels from November. The season-average farm price is decreased \$0.05 per bushel to \$4.65 on updated NASS prices.

Corn—This month's **WASDE** 2019/20 U.S. corn supply and use outlook is unchanged from last month. The projected season-average farm price is unchanged at \$3.85 per bushel. Global coarse grain production for 2019/20 is forecast 6.8 million tons higher to 1,401.7 million. The 2019/20 foreign coarse grain outlook is for larger production, increased consumption, and higher stocks relative to last month. Foreign corn production is forecast higher with increases for China and Bolivia more than offsetting a reduction for Canada. WASDE-595-2 China's corn production is raised, reflecting increases to both area and yield, based on the latest data from the National Bureau of Statistics. Canada's corn production is lowered, as an increase in harvested area is more than offset by a reduction in yield. Corn exports are lowered for Canada, Laos, and Mexico. Foreign corn ending stocks are raised from last month, largely reflecting increases for China, Bolivia, and Taiwan that more than offset declines for Canada, Colombia, and Paraguay. Global corn stocks, at 300.6 million tons, are up 4.6 million from last month.

This month's 2019/2020 World Production, Markets, and Trade Reports Brazil's corn exports have been massive this year¹. Cumulative exports from March to November totaled 33.3 million tons, more than doubling the amount for the average of 3 previous years. Export destinations have not been limited to traditional markets of Iran, Vietnam, and Egypt, but also expanded to Japan, the EU, and South Korea. While robust foreign demand, abundant supplies, and competitive prices have boosted exports, the depreciation of the real has further stimulated sales to the global market. Since April 2018, the value of the real has dropped about 20 percent against the dollar. Strong exports have drawn down stocks. Currently, ending stocks for the marketing year 2018/19 are expected at 5.0 million tons, the smallest since 2011/12. This would give little buffer to meet domestic needs in case of adverse events and constrain later sales. Moreover, prices have moved up reflecting the market situation. In Mato Grosso, the top-producing state, corn prices are about 50 percent higher at the end of November than a year ago. These strong prices are expected to boost area for the second-crop (safrinha) corn. The second-crop corn planting starts in January in the Center-West. Global import demand remains solid, while uncertainty continues for a few exporting countries. With a newly-elected government in Argentina, speculation is rampant over potential export policy changes. Unfavorable weather conditions in the United States disrupted planting and now harvest, though prices are becoming competitive. Prospects for Brazil's corn appear bright in the short term, as evidenced by USDA's forecast for record exports.